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případová studie společnosti BTV plast, s. r. o.**

**Suitability of direct export strategy and the reasons for its change;
Case study of BTV plast company**

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RESUMÉ

Zamýšlí-li společnost proniknout na zahraniční trhy, má na výběr ze široké škály vývozních metod. Pro toto důležité rozhodnutí, kterou metodu vybrat, je nezbytné pečlivě zvážit všechny aspekty k dosažení a udržení konkurenceschopnosti a ziskovosti společnosti.

Tato práce pojednává o konkrétní případové studii české společnosti BTV plast, s. r. o. a klade si za cíl zjistit, zda si tato společnost vybrala a používá nejvhodnější vývozní metodu; z hlediska společnosti BTV plast, s. r. o., ale také z hlediska jejích zahraničních zákazníků.

Průzkum byl založen na správné identifikaci specifických charakteristik a oblastí, které byly zkoumány odděleně a poskytly celkový obraz problematiky vývozu konkrétních společností. Studie zkoumá závislost zákazníků na společnosti BTV plast, s. r. o., důvody pro výběr této společnosti, spokojenost s vybranou vývozní metodou, spokojenost se vzájemnou spoluprací a oblasti návrhů na změny ze strany zákazníků.

Celý průzkum byl podpořen odbornou literaturou, která detailně popisuje možné způsoby vstupu na zahraniční trhy. Fyzický průzkum byl prováděn pomocí interview s deseti manažery, kteří mají na starost vývoz v různých společnostech. Pro zvýšení objektivity této studie byl průzkum prováděn z obou stran – společností BTV plast, s. r. o. a jejích zahraničních zákazníků.

Po teoretické části práce a poznatcích zjištěných z jednotlivých interview byly všechny informace shrnuty do konkrétních výsledků a z těchto závěrů byla navržena doporučení pro společnost BTV plast, s. r. o.

Díky této studii bylo zjištěno, že společnost BTV plast, s. r. o. učinila správné rozhodnutí a vybrala nejvhodnější vývozní metodu. Splňuje požadavky na udržení konkurenceschopnosti a v určitých případech našla nové kompromisní řešení, jak vylepšit vzájemnou spolupráci se svými zahraničními partnery.

RESUME

If company intends to penetrate into foreign markets, it can choose from a broad range of export strategies. In this extremely important decision which strategy to choose is essential to carefully consider all necessary aspects to reach and sustain the company to be competitive and profitable.

This study deals with one particular case study of Czech company and aims to find out if this company, BTV plast, has chosen and uses the most appropriate method of export; from the point of view of BTV plast and also from the viewpoint of its foreign customers.

This research was carried out by identifying the specific characteristics and areas which had to be answered to achieve the objective of this paper. The study analyzes the areas of customers' dependence on BTV plast, reasons for choosing this company, satisfaction with chosen export strategy, satisfaction with mutual cooperation and proposals for any change from customers.

Whole research was supported by literature review which describes in details the possible ways how to penetrate into foreign markets. Research was carried out by using of interviews which have been conducted with ten managers who are responsible for the export in several companies. In order to enhance objectivity of my study – the research was conducted from both sides of business – BTV plast and its foreign customers.

After the literature review and finding from interviews, all obtained information ended in concluded results and some recommendation for BTV plast company.

By this study it was found out that BTV plast made a right decision and chose the most appropriate export strategy. It keeps the requirements to stay competitive and in some cases, it found new compromise ways with its foreign customers to improve mutual cooperation and satisfaction.

KLÍ OVÁ SLOVA

Export	Vývoz
Penetration	Prostoupení, pr ník
Market entry	Vstup na trh
Foreign market	Zahrani ní trh
Competition	Konkurence
Distributors and Agents	Distributo i a zprost edkovatelé
Licensing	Licensing
Piggy-backing	Piggy-backing
Franchising	Franchising
Joint ventures	Spole ný podnik
Direct marketing	P ímý marketing
Strategic alliances	Strategické aliance (spojení spole ností)
Acquisition	Akvizice
Direct investments	P ímé investice (zahrani ní)
Interview	Rozhovor
Case study	P ípadová studie
Wheel cover	Kryt kola
Inscription	Nápis
Emblem	Znak
Price	Cena
Quality	Kvalita
Cooperation	Spolupráce

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SEZNAM POUŽITÝCH ZKRATEK A SYMBOL

CEO	Chief Executive Officer	výkonný editel
CZK	Czech Crown	koruna eská
ed.	Edition	edice
e. g.	exempli gratia (for example)	nap íklad
etc.	et cetera (and so on)	a tak dále
EUR	Euro	Euro
FMEA	Failure Mode and Effect Analysis	Analýza chyb a rizik
GA	Grupo Antolin	
GM	General Motors	
i. e.	id est (that is)	to je
Inc.	Incorporated	akciová spole nost
JV(s)	Joint Venture(s)	spole ný podnik
km	kilometer	kilometr
mil.	Million	milion
Mr.	Mister	pan
No.	number	íslo
pp. / p.	page	strana
s. r. o.	spole nost s ru ením omezeným (Ltd.)	
TPCA	Toyota Peugeot Citroën Automotive	
Vol.	volume	díl knihy
VW	Volkswagen	
§	paragraph	paragraf

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1 INTRODUCTION

1.1 Background

The fundamental presumption of any success in present business environment is a competitive product or service and ability to introduce them on the market; or to intervene them to customers.

When company reaches this step and is successful on the domestic, it usually intends to enhance its success and profit and that is why it wants to penetrate into foreign markets. Each company has several ways how to expand internationally, but first of all it must carefully consider its own capabilities and possibilities. Not each method of export is suitable for each company. Firstly, company has to consider basic factors, such as its financial situation, product range, experience, skilled people, capabilities and resources, possible advantages and last but not least the requirements of target market.

After the consideration of these factors, company can choose from variety of export methods; from direct export with no use of any intermediaries, through use of middleman to direct way with establishment of venture or high investments. Each method has its advantages and disadvantages but choice of most appropriate one is the key factor to success or on the other hand if the choice is not proper, it can lead to failure.

That is why the decision to trade internationally is very important for the company and the foreign business can significantly influence the company's run. Then the company is affected by events on foreign market and has to be prepared to be ready to properly react on possible changes.

That is the reason, I chose one company which predominantly lives of international business and I tried to identify the reasons for export method's selection and following responds to changes from customers' sides.

1.2 Aim of the study

Main objective of this research is, within the particular case study, to find out if the company BTV plast, s. r. o. uses the most appropriate method of export – from the point of view of this company, but also from the viewpoint of its foreign customers.

The study is mainly based on primary research which has been conducted through interviews with managers who are responsible for export in their companies. From their answers the results have been concluded and some recommendations have been made.

1.3 Overview of chapters

This study starts with literature review which offers the theoretical background of the export strategies. Each export method is described in detail and its advantages and disadvantages are discussed as well.

Second chapter, methodology, describes the methods and strategies of research used in this study. It explains also the reasons, why they were chosen and finally the research objective of the study is emphasized.

Following chapter, collecting data, is connected with methodology and offers the information about the chosen company, respondents and process of whole research with its limitations.

Fifth chapter named Results of interviews and discussion analyzes the respondents' answers. The answers of particular areas are verbally evaluated and afterwards summarized in numeric tables and graphs.

Recommendation chapter offers some proposals for research company. What the company could improve or what changes it could implement.

Final chapter of this study concludes the whole study.

At the end of this study the appendices can be found; interview transcripts, price comparison of research company with its competitors and diagram of production process.

2 LITERATURE REVIEW

2.1 Introduction

This chapter is related to the literature review of routes to foreign markets and provides a critical insight into this dilemma. After this brief introduction it continues to main topic of this dissertation – i. e. which methods can the company use to penetrate internationally into the foreign markets. This theoretical part of literature review is divided into two parts – direct and indirect export. Each of these two sections contains its export methods which are described in detail and critically assessed. The key issues of each method were examined through the use of relevant and appropriate theories and criticisms. The benefits and pitfalls of each method were also discussed. After this theoretical part the findings were recapitulated in the final summary.

2.2 Routes to foreign markets

2.2.1 Indirect presence

The easiest and lowest cost and risk way how to entry a foreign market and sell producer products abroad is by using indirect exporting. These facts are the main advantages of indirect exporting but this method has also the disadvantages. These are especially that firm has small control about its product – to whom and by whom, how, where and when the products are sold. It may also happen that producer does not know that his products are exported. By this method producer does not intend to establish any inherence in the foreign market (Doole and Lowe, 2004).

Indirect exporting includes three main methods which use:

- distributors and agents
- licensing
- piggy-backing

In following section each of these methods will be described. The basic principle of each way will be discussed with its possible advantages and disadvantages and also the critique of the method (if any) will be mentioned.

2.2.1.1 Distributors and agents

The use of agents and distributors is the most popular and common type of intermediary. The firm has to know that the distributors and agents differ from each other and each of them represents different type of intermediary.

The agent is a foreign based contractor or sale representative which eases the communication between firm and its customer and is not an employee of the company. The agent is not in possession of the goods and when the goods are sold he is paid out a commission. He is not responsible for delivering the goods to customer and settlement of payment from customer, it is task of company.

On the other hand, the distributor takes title to the goods and is the customer of the company who buys the goods and imports them. He usually has his own stores and distribution network. It is his responsibility to find the end-user and collect the payment (Gillon and Pearson, 2004; Bradley, 2005).

Referring to Webster (1992) another researcher Weber (2000) was saying that if the company intends (what is probable) to be effectively competitive in today's global market it is necessary to cooperate with all business partners including, among others, suppliers, competitors, distributors and agents. This can only be successful if these relationships are based on the trust between involved parties (Morgan and Hunt, 1994). When parties keep their mutual trust-based relationship the main reason for continuing to do business with each other is the expectancy of great returns. Then this two-sided satisfaction has a direct effect on the manufacturer's or company's wishes to build long-term relationships (Batt, 2003). Thereby the creating of trust relationship with distributors is efficient way how to enhance company's competitiveness (Anderson and Narus, 1990, cited by Weber, 2000).

As mentioned above, the usage of agents and distributors is the most popular and common type of intermediary. However, according to the study made by Weber (1998), who used the Path Marketing Analysis methodology, the distribution through distributors and agents is the “weakest link in the marketing chain” (Weber, 1998, referenced in Weber 2000). He also added that improving strategies of distribution are often underestimated and is necessary to think more creatively in improving the distributors’ performance. This can be made, as mentioned above, by building closer relationships.

The building of close relationships with intermediary is the best way how to achieve a sales growth. For accomplishing this, the company can use e. g. special developing program including stimulation or motivation of distributors; regular meetings where distributors can point their opinions and recommendations; assessing of each distributor’s performance and progress by comparing his results with the benchmark (Weber, 2000).

Another condition for creating good and close connection between supplier and distributor and thereby for succeeding international market is to satisfy both parties’ expectations. If the distributor expectations are not identical with those of supplier it will aim to conflicts which can cause the failure on market opportunity. Moreover, “in a competitive environment where product-based and process-based advantages can be quickly imitated by competitors” (Ghemawat, 1986; Jacobson, 1992, cited by Ghosh, Joseph, Gardner and Thach, 2004) and „ a commitment to understanding and responding to distributor expectations may be essentials to building long-term relationships and success in a market“ (Lapierre, 2000; Woodside and Wilson, 2000, cited by Ghosh, Joseph, Gardner and Thach, 2004). These expectations can be divided into two groups: monetary (price, reducing costs) and non-monetary (quality, service efficiency) (Lehman and O’Shaughnessy, 1974; Grandhi, 1978; Christopher et al., 1985; Schellhase et al. 2000, cited by Ghosh, Joseph, Gardner and Thach, 2004).

According to the study of Ghosh, Joseph, Gardner and Thach (2004) the distributor expectations from their relationship with producer are: „ financial benefits that reduce operational costs and increase profits, and differentiation benefits which result from

improved product/service benefits for their customers“.

On the other hand, these expectations cannot be valid for all distributors. It is necessary to take into account specific characteristics, e. g. number of served customers, sales volume of each distributors, distributor's specialization and focused environment.

2.2.1.2 Licensing

According to Franklin R. Root the licensing is “a variety of contractual arrangements whereby domestic companies (licensors) make available their intangible assets (patent, trade secret, know-how, trademarks, and company name) to foreign companies (licensees) in return for royalties and/or other forms of payment” (Root, 1998, p. 85).

Frank Bradley adds that licensing is used especially in three circumstances where “host countries restrict imports or foreign direct investments; the foreign market is small; and the prospects of technology feedback are high” (Bradley, 2005, fifth edition, p. 243).

This transfer of intangible property rights brings several advantages. These are that the licensor passes by the import clamps that raise the cost or quotas of export; licensing also avoids the high freight costs and enables the entrance to difficult markets; declines capital risk; facilitates low cost access to information and competitor activities. The advantages also bring some disadvantages. The main disadvantages of licensing are the threat of detection of competitive knowledge; making potential future competitors; control absence over the licensee marketing plans; inactive interact with the target market (Root, 1998; Bradley, 2005).

Referring to Horava (2004) the licensing brings some obligations. For licensee (the company gaining the access or proprietary) it is to “take reasonable means or best efforts to inform its patrons about the restrictions involved in using the licensed material” (Horava, 2004).

2.2.1.3 Piggy-backing

Piggy-backing is process of making use of a subsistent opportunity as bases for developing expanded market presence. According to Terpstra and Yu this enables firms from developing countries to penetrate the foreign markets in developed economies (Terpstra and Yu, 1990, cited by Doole and Lowe, 2004). The principle of piggy-backing is that the firm makes use of established sources in foreign market to further inherence in the territory (Gillon and Pearson, 2004).

Piggy-backing is special type of indirect export and is described by several different ways. According to Terpstra and Chwo-Ming (1990) the piggy-backing is when two companies join together to reach objectives that they are not able to reach separately (Terpstra and Chwo-Ming, 1990, referenced in Djärf and Engström, 2003). Different point of view is described by Young et al (1989) which say that piggy-backing is when one company sells products of other company on a foreign market. Third different view is according to MacAuley (2001) which states piggy-backing as using of distribution channels of one company by another one with aim to sell its own products.

Two firms involved in the piggy-backing are called by various names. Referring to Terpstra and Chwo-Ming, who created main concept about this entry mode, the parties are named as carrier and rider. Carrier is the firm that delivers the products to the foreign market and rider is the firm which supplies the products to carrier. The piggy-backing from the rider's viewpoint was described and little criticized by McAuley (2001). He argues that rider's position is predominantly passive export mode resulted from carrier's perspective when the goods are delivered abroad with no supplier's intensions and out of his control. However according to Terpstra (1997) the piggy-backing is the most proper way of entry when rider has limited resources, small range of products or almost no experience. Other pros of the piggy-backing come when target market has high level of barriers to entry; manufacturer's company is too small for using of direct export or cannot invest big amounts in target market (Albaum et. al, 1994, cited by Djärf and Engström, 2003).

From the other hand the piggy-backing is useful to use when carrier company has highly sophisticated distribution channels and good image. It can enhance the effectiveness of rider company by co-operation with that company (Terpstra and Chwo-Ming, 1990; Lewis and Housden, 1998, cited by Djärf and Engström, 2003). For the carriers the benefits of piggy-backing are not as clear as for the rider. However carrier could try to use piggy-backing when it tend to export its products to foreign market and instead of own development of products, it will use buying products from another company.

When talking about advantages of piggy-backing, it is proper to mention, that piggy-backing provides for rider a very low-risk way of starting with export. In comparison with international distributors who deliver various competing goods, in piggy-backing carrier carries only goods that complete his product line. That is why the delivered goods will note higher sales and market feedback (Terpstra and Chwo-Ming, 1990).

Among most obvious disadvantages belongs the high dependence on the middleman – carrier. From the long-term viewpoint the rider loses control of his goods and is dependent on good intension of carrier. It is important for the view of customers. It could be difficult to change the rider's good name, image and reputation when carrier damages it. It also could be very time consuming to obtain the control over its goods again.

If the motives for piggy-backing are considered, it should be said that the main motive is the increase of profit (like in each method). In this case the profit increase is caused by situation when it is more convenient to buy another company's products than produce the products itself; when it is more cost effective (Terpstra and Chwo-Ming, 1990).

2.2.2 Direct presence

Direct presence is represented by investments and direct operations in the foreign market. This method entails a long-term and distinctive commitment in a territory and its benefits and advantages (over indirect export) are obvious. The organization has a greater control over the market and all activities, customer feedback, products, flexibility to respond to changes in the market and other competitors' movements. In this case the company significantly influences its own activities; it does not need to consider any requirements of middlemen.

Each method has also its disadvantages, so the direct presence has also some pitfalls. The process of establishing a subsidiary and recruiting skilled employees is costly and time-consuming and the organizational and cultural differentiation in foreign market has to be managed. For marketing effort's increasing the timing is crucial. Any extra costs can represent huge financial amount for the organization and thereby all the operations should be well-planned (Gillon and Pearson, 2004; Doole and Lowe, 2004).

Among main direct exporting methods belong:

- franchising
- joint ventures
- direct marketing
- strategic alliances - marketing agreements
- acquisitions
- direct investments

In the same way as in the section of indirect export, the basic principles, benefits and pitfalls of each method will be described in following part. Also each of them will be critically assessed by the use of eventual criticism.

2.2.2.1 Franchising

“Franchising is a form of licensing in which a company (franchisor) licenses a business system as well as other property rights to an independent company or person (franchisee)” (Root, 1994, p. 109).

The franchisee trades under the name of franchisor and keeps his rules and policy. He is obliged to pay fees and royalty in return to franchisor. Franchising occurs especially in some sectors, e. g. fast-food restaurants, hotels, car rentals, petrol stations, soft drinks, etc.

This method has also its advantages and disadvantages. Among the most significant advantages belong especially: rapidly and prompt expansion into new market abroad with low costs; low political risks; additional income for parent company in the form of fees and royalty.

On the other hand the pitfalls occur in the form of: franchisor’s profit limitations; absence of full control over franchisee; creation of potential competitors; government limitations of franchise agreements (e. g. of protecting franchisor’s interests, setting the franchisee’s selling price).

Reaching the markets internationally by franchising is suitable to a company whose product cannot be exported to the foreign market or company does not intend to invest there. Root (1994) identifies that when a firm is beginning its penetrating to target country, it may select franchising as an entry strategy because of its low risks. However when the firm has experience in that market, it may retrieve the franchise with joint ventures which present more control (Root, 1994; Gillon and Pearson, 2004).

However according to Horava (2004) the franchising cannot operate unless the franchisor supports the franchisee. The franchisor can provide a logistical subvention, e. g. regular training, financing and assistance in technical, accounting and manager issues. No less important is support in the promotion area, especially in mass advertising.

Table 1: Coping with relationships and environmental change in international strategic alliances

		Partner relationship	
		Weak	Strong
Environmental Change	Slow	Franchising	Marketing agreements
	Rapid	Licensing	Joint ventures

Source: Lorange (1985), referenced in Bradley (2005)

2.2.2.2 Joint ventures

Joint venture is a legal short term partnership where each partner takes share in assets and risks. JVs are used to entry into foreign markets and can be formed by individuals, group of individuals, companies or corporations. JVs are created by foreign company which usually provides new technologies and know-how and domestic company which has relationships within the country. The companies agree to share their capital, technology, human resources, risks and rewards (law.cornell.edu, 2007). JVs can be divided into two main groups: domestic and international. Domestic JVs are especially created to access to the technological know-how, whereas international JVs are usually created to expand into international markets (Bradley, 2005).

Among main benefits of JVs forming belong: obtaining of new capacity, technological knowledge and more resources; no need of long-term partnership; mutual financial support and sharing risks (businesslink.gov.uk, 2002). However, referring to Kotelnikov (2002), only 44 % of CEOs of JVs characterized their venture as very successful. According these CEOs majority of failures is caused by cultural differences (49 %), unclear leadership or objectives (49 %) and poor integration process and co-operation (46 %). JVs are especially used in the transport and travel industries that operate in different countries. Nowadays, according to a recent survey, 1/3 of fast-growing companies are involved in JVs (1000ventures.com, 2005).

The complicacy of JVs is caused especially by cooperation and competition of two or more parent companies at the same time. These companies, usually from different cultures, have different aims and objectives and thus it may lead to the confrontation of failure. Various surveys show that one of the failure reasons is often caused by improper workforce. Management staffing control is considered as critical factor for JVs success and plays a key role in company's achieving of its strategic objectives and cooperation in its various business activities (Petrovic, Kakabadse, 2003).

2.2.23 Direct marketing

Direct marketing, as one of the market entry, consists in marketing and selling activities where the direct physical contact is not necessary. Goods and services are sold directly to customers with no use of middleman. These activities include mail orders, catalogues, newspapers inserts, telephone and marketing, direct mail, Internet with electronic commerce, home shopping (Gillon and Pearson, 2004). This method gains its importance presently because of growth and development in information and communication technology and changing lifestyle.

International direct marketing can function and develop if only up-to-date database are built, sophisticated multilingual data processing, personalization software and secure payment systems are used and created. These systems help to meet customer's needs and ensure their satisfaction, maximize sales and improve to create long-term customer

relationships (Doole and Lowe, 2004).

The direct marketing has grown the fastest in marketing sector for last twenty years (Ng, 2005).

However, according to Evans, O'Malley and Patterson (1995), it cannot be quantify precisely because it has no long tradition and it is not used for a long time. The experts argue that the problem with its defining is because the direct marketing is neither a medium nor distribution channel. As Young (1993) claims, the direct marketing is way of communication which includes both the media and channels. Referring to Ng (2005), the direct marketing does not bring only benefits. It must be mentioned that all databases and collected data from web sites, e-mails and surveys grow so rapidly that it is still more and more troublesome to segment these data and thus target the customers. Not for every customer the use of direct marketing is satisfactory. Marketers face the lack of customer understanding because of their distrust of unsafe tactics. Customers are attracted to various suasive tools which customer mostly does not acquire. This drawback in form of greater consumer accessibility, on the other hand, is closely associated with the one important benefit. As much the customer is easily obtainable, as companies are now easily obtainable for customers (Wilkinson, McAlister, Widmier, 2007).

This method of market entry must meet many conditions and technical requirements to be use successfully but it is undeniable that direct marketing has obvious advantages over more traditional ways of market entry, such as export through intermediaries, joint ventures, direct investment, etc. That is the fact of fast feedback and marketing strategy implementation, easy and low-cost way of market penetration. Its other big benefit consist in easily use both internationally and on domestic market (Iyer, Hill, 1996).

2.2.2.4 Strategic alliances - marketing agreements

These partnership agreements are usually agreed for a particular product-market, to meet special needs. They are frequently short-term and not equipped; therefore it is difficult to establish new business relationships within such partnership. The alliance does not have to

be established only by marketing partnership agreement, but also by a licence, a franchise or a joint venture. In this case, the direct and indirect presences of market entry are blended together but from the point of view of agreements, the strategic alliance can be established by both ways (Bradley, 2005).

According to Drucker (1996) “the greatest change in corporate culture, and the way business is being conducted, may be the accelerating growth of relationships based not on ownership, but on partnership”. Strategic alliances are often an excellent way for not-for-profit organizations because they have limited resources and skills. Forming of strategic alliances enables them to gain better quality or technology, cheaper labour force or production costs. This type of partnership is suitable especially for small companies which need to stay competitive in today’s changing business. Thanks to this alliance, companies can manage big projects and therefore successfully compete (Elmuti and Kathawala, 2001).

However, referring to Kalmbach and Roussel (1999) 60 percent of strategic alliances experience failure. They argue that the biggest problems of these alliances consist in cultural clashes like different language and attitudes to business and lack of trust. The lack of trust must be managed from the individuals; only people can trust each other. According to Elmuti and Kathawala (2001) the trust composes of three parts which must be accomplish together. These are responsibility, equality and reliability. Furthermore, the basic presumption for successful alliance is to focus on similar objectives and goals. If this presumption is not meet, the alliance will fail soon (Lewis, 1992). That is why companies should clearly know their entering reasons and what they expect to obtain from the alliance.

2.2.2.5 Acquisitions

Entry into new international market through acquisitions requires a large number of commitments. Companies invest into foreign markets especially to obtain location competitive advantage which is represented usually by technology (Baines, 2004). Foreign acquisitions are used when one company desire to obtain a foreign based company which

has information, assets, brands, distribution network, skilled management and workforce. This method has main reasons for its use. These are operating across different locations and no time-consuming.

Acquisitions bring some main advantages: the investor obtains existing assets so the return is faster than from fixed asset investment; acquisitions provide immediate market share and scarce resources that cannot be in common use; investor acquire new product line and geographical diversification (Bradley, 2005). In total, acquisitions provide support in form of existing network of suppliers, intermediaries and customers and knowledge of local environment (economic, social, cultural, legal and political).

Acquisitions can be divided into two major types. First type, legal acquisitions, is legal integration of two or more firm where assets and liabilities are transferred into a new company. According to Buono (1997) the main problem of this form is time-consuming and difficulty. Second form of acquisitions presents changing of ownership of the firms involved. The company's take-over is the most common form where both of companies are still separated. This acquisition consists in purchasing of shares.

Each method brings its benefits but also has its costs and disadvantages. First of them is the fact that foreign investors usually have to pay higher price than domestic. Among other pitfalls of acquisitions belong different languages and cultures that can make the cooperation of managements more difficult; employees could be more frightened of new foreign management; difficulty to find proper candidates in target country and necessity of new investment to move up the poor candidates and facilities on standard; host government policies which often consider the acquisitions of local firms by foreign investors more unfavourably than new ventures (Root, 1994).

2.2.2.6 Direct investments

Foreign direct investments relate to the establishment of a new venture abroad and that is why this method represents high financial requirements. The investor transfers its assets, entrepreneurship, technology, knowledge and know-how. The main deciding factors of

foreign direct investment location are market size in host country; closeness of host country; size of the company; previous experience with various forms of international operations (Bradley, 2005).

However, Dunning (1998) argues that each company has its own reasons for foreign direct investments. They could be low tariffs and barriers to trade, exploiting new markets, benefits from host government, low-wage labour, company's marketing skills, established network of distributors, good relationships with customers, cheaper factors of production, closer source of raw materials, product differentiation, patent protection, less competition, etc. For big companies foreign direct investments can be proper option for market penetration when this company cannot find suitable candidates for acquisition.

From the point of view of company's market entry, there are advantages and disadvantages connected to firm's costs and product markets. Referring to McAllister (1999), who critically assesses the methods of international investments, the direct investments are justifiable only where investors are sure that they are able to identify under priced assets, can dispose of these assets as effectively as local firms and can treat with the investment risks connected with this long-term assets. He sees the main problem in obtaining and processing information about potential investments, especially in low researched countries.

Other of the pitfalls of direct investment is presented by measuring diversification potential because often the suitable measures are not available and company is forced to use historic indices. This fact leads to sub-optimal decisions. No less important drawback of direct investment is transaction risk in form of low liquidity (McAllister, 1999).

Table 2: Evaluation of acquisitions and new venture modes of foreign market entry

	Advantages	Disadvantages
Cost factors	Reduced transport costs Scale economies Host government incentives Reduced packaging costs Tariff and duties elimination Access to resources	High initial capital investment High information and search costs Nationalization of expropriation
Product market factors	Management control Market access Effective marketing	Management constraints Loss of flexibility Increased marketing complexity

Source: Bradley (2005)

2.3 Final summary

This literature review aimed to put near the reader issues and dilemma of the possible export strategies. It means which choices of option company has when it intend to penetrate into foreign markets and which criteria it has to take into consideration.

Literature review in this study is divided into two sections – indirect and direct export where each of them includes several export methods. In following part, the brief description of each method will be summarized and afterwards some finding, gaps and conclusion will be noticed.

According to Doole and Lowe (2004) the indirect mode is the easiest and lowest cost and risk way for market penetration despite the fact that firms have very small control over its products. The three methods of export can be included in indirect presence; agents and distributors, licensing and piggy-backing.

The use of distributors and agents is the most common type of intermediary but it is necessary to know that they differ from each other. Firstly, agents do not take title to the

goods and after the sale they are paid out a commission. By contrast distributors are in possession of the goods and they export the goods. In this place it is necessary to mention the critique of this method by Weber (1998). He claims that the distribution through these intermediaries is the “weakest link in the marketing chain” and it has to be improved by building close relationships based on trust. Very important for good cooperation is that supplier and distributor or agent should have identical expectations.

Licensing is transfer of intangible property rights where licensor enables licensee to use his patent, know-how or trade mark (Root, 1998). This mode is used mainly where host country practices high restrictions, the target market is small and technology feedback is supposed to be high. It follows that main benefit of this method is that it enables entry to difficult markets and on the other hand the threat of competitive knowledge detection is the fundamental pitfall.

Piggy-backing means that one company uses established sources in foreign market to further inhere in the territory (Gillon and Pearson, 2004). Referring to Terpstra (1997) it is the most appropriate to use when supplier has limited sources, small product range or no experience. Albaum (1994) adds benefits which come when target market uses high level of entry barriers or when carrier has highly sophisticated distribution channels.

Now, the direct presence will be taken into consideration. The advantages of direct export are obvious. The company has control over all activities and its product and it does not have to consider any requirements of middlemen. Among direct export methods belong franchising, joint ventures, direct marketing, strategic alliances, acquisitions and direct investments.

Franchising is method where franchisor offers a licence for business and right to franchisee (Root, 1994). The principle of franchising consists in the fact that franchisee trades under the name of franchisor and keeps his rules. Benefit of franchising is especially rapid expansion into target market with low costs. The main disadvantages are creation of potential competitors and governmental limitations of franchise agreements.

Joint venture is partnership where each partner takes share in assets and risks. JVs are usually created by foreign company which provides new technologies and know-how and domestic company which offers relationships within the market. Main advantages are represented by obtaining of technology, resources and knowledge and sharing risks. However, it is essential to mention that almost 60 % of JVs result in failure. It is caused by cultural differences, unclear objectives and poor cooperation (Kotelnikov, 2002).

Direct marketing consists in selling goods and services directly to customers where the direct physical contact is not necessary. It involves mail orders, catalogues, internet and electronic commerce, home communication technology (Gillon and Pearson, 2004). However, some experts argue that this method is neither a medium nor distribution channel. According to Young (1993) direct marketing is way of communication which includes both the media and channel.

Strategic alliances are usually agreed for a particular product-market and can be established also by license, franchise or joint venture. Strategic alliances are proper method for small or not-for-profit organizations because they have limited resources and skills. These alliances enable to obtain new technology, cheaper labour and lower costs. Same as in JVs often problems of failure are cultural differences, lack of trust and dissimilar objectives.

Acquisitions are used for investments into foreign market to obtain location competitive advantage from company which has assets, distribution network, technology and image. Main advantages are obtaining of existing assets so the return is faster than from fixed asset and immediate market share.

Finally, direct investments; they are connected with establishment of new venture abroad. It requires high financial investments because the investor transfers his assets, technology and know-how (Bradley, 2005). Often the reason for direct investments is when company cannot find suitable partner of acquisition. McAllister (1999) also sees the main problems in obtaining and processing information about potential investments, especially in low-researched countries and transaction risk in form of low liquidity.

This brief summary of all covered areas in literature review shows that each method of export has its own pros and cons. It is not possible to determine which method is better or easier or which brings higher profit and success. All factors of decision making are dependent on particular situation in particular company. It is not easy to choose the best way how to achieve the success in foreign market but the choice of most appropriate one is critical for running and progress of company. It can result in success but also in failure. That is why company has to consider all important factors, like its size, capacities, resources, financial situation, reputation, product range, skilled labour and requirements of target market.

From the literature review also one special finding could be deduced. In the indirect presence, which includes the use of distributors, agents, licensing and piggy-backing, the mentions of some failures or considerable non-successes are not noticed. Despite it, in direct presence, especially in JVs, strategic alliances and acquisitions, the failures are often mentioned. And moreover, the literature mentions the failure coefficient usually more than 50 %. As it was said before the main reason are the cultural differences and non-identical objectives. This high coefficient is caused by investments which are represented by high financial requirements.

It follows that the export with use of distributors or agents, licensing and piggy-backing could be more reliable and the failure of export does not have to signify the failure of whole company run.

Other outcome, which can be concluded from the literature review and from general literature concerning export methods, is that this general literature does not deal with direct export itself; when company exports directly to foreign customers but does not intend to establish any venture or to physically invest there. Probably it is not so difficult method which needs to fulfil some special requirements. However, even this “easy” way might have been described and might have had some recommended steps or what fundamental factors to take into consideration.

3 METHODOLOGY

3.1 Introduction

The previous chapter of literature review discussed a theoretical background about the topic – export strategies. These information and data were obtained and found out from various literatures. This part of the dissertation will deal with the methods and strategies used in this study. The explanation why these specific methods and strategies were chosen and the choosing of respondents will be provided. The all procedure of obtaining primary data will be described as well.

The aim of this study is **to find out if the company BTV plast, s. r. o. uses the most appropriate method of export**. This will be investigated from both sides – BTV plast, s. r. o. and its foreign customers. From this point of view the most suitable strategy how to analyze this situation is the case study.

3.2 Research strategies and triangulation

According to Denscombe (1998, 2003) the researcher has to make a strategic decision about which strategy to choose because each way brings its benefits but of course the drawbacks. This key decision should be made before the research is being proceeded. He distinguishes five different research strategies. These are:

Case study - which, compared to surveys, focuses on just one situation or area which is being investigated. Case study provides in-depth view, target the relationships and processes and try to find out why the outcomes happen. Its biggest advantage is that it enables researches to use variety of research methods, sources and data. It can be combined with documentation from official meetings and interviews with involved people. On the other hand its big pitfall is that its findings usually cannot be or are not appropriate to generalize.

Surveys - which serve for obtaining data for mapping and which cover the area in its breadth. They are suitable for generalization. Their main disadvantage is that they do not provide detailed information and their accuracy is hard to check.

Experiments - which investigate the isolated factor and examine its result in detail. The aim of experiment is to test existing theory.

Action research - which is connected with small-scale research and is used with changing matters. It deals with practical issues and aims to change things.

Ethnography – which uses direct observations and no second-hand information. It deals with the total social, cultural and psychological aspects of the community. Its disadvantage is that it has poor reliability and little chance to be generalized.

Referring to Yin (2003), he distinguishes two more strategies – archival analysis and history.

Table 3: Relevant situations for different research strategies

Strategy	Form of research question	Requires control of behavioral events?	Focuses on Contemporary Events?
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case study	How, why?	No	Yes
Experiment	How, why?	Yes	Yes

Source: Yin (2003)

He also claims that one should consider three conditions when deciding which strategy to use. These conditions are: posed research question; investigator's control over actual behavioural events and level of up-to-date events focus.

From this short description above the case study seems to be most suitable strategy for my research. The main reason for this is that my study is focused on up-to-date situation which is related to one specific area and where the in-depth view has to be provided.

Jankovicz (2005) adds that the case study strategy should be used when the research focuses on a single organization or its single department. Moreover, if researcher intends to investigate a number of variables, he can use comparative case study where he asks the same questions in several organizations. These organizations are chosen to represent different possible positions, out of the consideration for the frequency of these stances in the population. The data for case study are mainly obtained from the written documents and from interviews and are usually presented in narration. This is the exact way how I will investigate my case study and the research objective.

The different way, where the each research method does not vie with each other, is the *triangulation*. This method is especially used in case studies and consists in mutually supporting way of collecting data. In this situation each method of research complements each other. This is a good combination because it cannot be claimed that one method is perfect or better than others and another is "rubbish". Each method produces a different kind of data based on different assumptions and perspectives.

Using multi-methods enables to obtain different data on the same topic and that is why the quality of research is higher and the broader range of issues is addressed (Yin, 2003). Other benefit of using the multi-methods is that the seeing things from a different perspective enhance the validity of the data (Denscombe, 1998) and it offers more complete portrait of the studied issue. Through the triangulation the accuracy of judgements and results can be improved (Ghauri and Gronhaugh, 2002). In my case the validity of data is given by views from both parties of business and documents.

Other method which will be used in my research is method of documents. Documentary sources can be, firstly, used as a source for literature review. There it serves as background in the research area for better understanding of the topic. Apart from the literature review, the documentary sources can be used in another way. “They can take on a central role as the actual thing that is to be investigated. In this sense, documents can be treated as a source of data in their own right – in effect an alternative to questionnaires, interviews or observation” (Denscombe, 1998, pp. 158 – 159).

Documents can be found in the form of books and journals, web site pages and the internet, newspapers and magazines, records, letters and memos (private correspondence), diaries, government publications and official statistics.

Its advantages are good access to data which is cost-effective; data are permanent and usually available for public. Main disadvantages are presented by necessity to evaluate the authority of the source; data can rely on different issues which were the first purpose for gaining the data – they do not have to be produced for the specific aim of the investigation.

3.3 Qualitative research

The case study in my research falls within the qualitative research because it best complies with given aims and objectives. Qualitative data are characterized as non-numerical information and can be presented by verbal description, pictures or sound records. Opposite the qualitative research is the quantitative research which provides numerical data.

Table 4: Typical quantitative versus qualitative research design

	Quantitative approach	Qualitative approach
Number of observations	Many	Few or single
Research questions	Who, what, when, where	How, why
Variables	Specified ahead of time, based on theoretical concepts	Emerge from study, based on grounded research
Collection of information	One variable at a time	One case at a time
Analysis	Level of variables and relationships among them; statistical analysis	Finding patterns of events or processes
Goal	Generalisable to observations or contexts beyond sample	Generalisable to theoretical concepts

Source: Maylor and Blackmon (2005)

Table 5: The difference in emphasis in qualitative versus quantitative methods

Qualitative methods	Quantitative methods
- emphasis on understanding	- emphasis on testing and verification
- focus on understanding from respondent's/informant's point of view	- focus on facts and/or reasons for social events
- interpretation and rational approach	- logical and critical approach
- observations and measurement in natural settings	- controlled measurement
- subjective 'insider view' and closeness to data	- objective 'outsider view' distant from data
- explorative orientation	- hypothetical-deductive; focus on hypothesis testing
- holistic perspective	- particularistic and analytical
- process oriented	- result oriented
- generalization by comparison of properties and contexts of individual organism	- generalization by population membership

Source: Ghauri and Gronhaug (2002)

According to Malhotra and Birks (2006) the qualitative research is “an unstructured, primarily exploratory design based on small samples, intended to provide insight and understanding” (Malhotra and Birks, 2006, pp. 132). Among the main benefits and advantages of qualitative research belong that the theories and descriptions are factual and strictly come from reality; the study is rich for detail and in-depth information because of small-scale research; it better distinguishes ambiguity and contradictions than quantitative research; it enables to gain different conclusions and explanations. These advantages, on the other hand, bring some disadvantages. The main pitfalls of qualitative research are seen in small likelihood of generalization of findings; significant role of researcher who may in some way influence the research; incorrect coding or categorizing of the data meaning; change of oversimplifying the explanation.

3.4 Interview

As it was mentioned above the most proper or usual method for case study strategy is an interview. The interview method will be used in this research and that is why its principle, types, advantages and disadvantages is necessary to describe in detail. After that other possible methods of research will be briefly discussed.

According to Denscombe (1998) and Ghauri and Gronhaug (2002) they distinguish three main interviews: structured, unstructured and semi-structured.

Structured interview is of strict control over the questions and answer. This type of interview is like a questionnaire but is carried out face to face with an interviewee. The researcher has a list of predetermined questions which are answered by respondent in limited way. The interviewer plays a powerful role. This type of interview very resembles to questionnaire method and it is necessary to carefully decide if the questionnaire would not be more appropriate to use.

Second type of interview is *unstructured interview*. It is the opposite of structured one. Almost full power and liberty is given to the interviewee to discuss his opinion. After first stated question the respondent develop his or her ideas and thoughts. This way enables to get more information about issue which would not be discovered by structured interview.

The mix of structured and unstructured interviews is *semi-structured interview*. The researcher has a list of pre-determined questions or topics which should be answered but he or she can ask additional questions where they could be useful according to respondent's answers. In this interview the interviewee is also given the flexibility to develop his thoughts and ideas. The answers are open-ended (Denscombe, 1998; Ghauri and Gronhaug, 2002).

Overall, the interview method has its benefits and drawbacks on the other side. Among main benefits and advantages belong depth of information and their details; valuable insight based on the in-depth information; small requirements on equipment necessary for interviewing; valuable information based on the respondent's priorities – his

opinions and ideas; flexibility; data validity; high response rate. The main disadvantages which the interview brings are that it is time-consuming; difficult to make data analysis because of open answers; hard to achieve the objectivity; data are only based on what interviewee says rather than what he really does; the tactless questions can upset the interviewee (Denscombe, 1998).

There is also possibility to choose if the researcher will make one-to-one interview or group interview. One-to-one interview is most common in semi-structured and unstructured interviews because it is relatively easy to arrange and to control by researcher. Findings from one-to-one interview are straightforward for specifying ideas because the information is gained from one person. The group interviews "have several advantages over individual interviews. In particular, they help to reveal consensus views, may generate richer responses by allowing participants to challenge one another's views, may be used to verify research ideas of data gained through other methods and may enhance the reliability of... responses". (Lewis, 1992, pp. 413; cited in Denscombe, 1998, pp. 114).

In this group interview there is a danger that some people can dominate the discussion while others can be behind.

The interview can be made by telephone, mail or personal meeting. Which of them will be used in my research and why they will be used, they are described in following chapter Collecting data.

Table 6: A comparison of individual and group interviews

Interviewer	Interviewee	
	One	More than one
One	Most common type of interview, relatively easy to arrange. Susceptible to the biases of both parties. The most appropriate method for confidential or sensitive subjects.	Group interview – such as a focus group. Can generate a large volume of data in a short time. Susceptible to biases and group dynamics. Can be difficult where there is a lack of true consensus in the group. Can be difficult for a new researcher to manage alone.
More than one	A panel interview. Can be used to remove the biases of one of the interviewers, but can be intimidating for the interviewee if there is a power differential – unlikely with students as interviewers. Good for building the confidence of novice interviewers and to make sure that all relevant points are covered.	Group discussions are used to look for some issues. Due to the limitations of the dynamics of both groups, less likely to be useful for in-depth explorations.

Source: Source: Maylor and Blackmon (2005)

3.5 Other methods of research

Other methods which can be used in research are questionnaires or observations.

Questionnaires are used with large numbers of respondents when the brief information is intended to obtain and when the identical questions are given without requirements for personal meeting. Its main advantages are that it is relatively low-cost; not time-consuming; easy to arrange because of non-personal requirements; easy to analyze the findings – usually by statistics. Questionnaires' main pitfalls are that the unseemly formulated questions can deter the respondents to answer them; pre-coded questions can bias the findings toward the researcher's way of seeing things; uncertainty of data truth.

Other type of possible method is observations. They can be divided into two groups – systematic and participant. Systematic is usually connected with quantitative data and with use of statistical analysis whereas participant is used to understand the culture and processes of the groups and usually provides qualitative data. Their shared characteristics are direct observation; collecting data in real situations; natural settings because they observe situation as they normally happen. The observations focus on obvious behaviour and do not explain why this happen.

These two methods have not been in my research. I could not use questionnaires because I did not have large number of respondents and my research questions had to be answered by open-ended answers. I needed to obtain the opinions of respondents and the detail description about my topic. From questionnaires the researcher obtains brief information but I need the opposite; to obtain answers described in details.

Observation could not be used as well because I had to find out the reasons of some situation in company and that information I would not be able to gain from observation.

All particular information about my research will be provided in following chapter.

4 DATA-COLLECTING

4.1 Introduction

Previous chapter described in general the possible strategies and methods which the researcher can use in his research. Their principles, benefits and pitfalls were explained as well. Also chosen strategy and method for this study (case study and interview) were described in detail.

This chapter will offer information about the company which has been chosen, why it has been chosen, who the interviewees are and why, how the research proceeded and what limitations of research were noticed.

4.2 Chosen company - BTV plast, s. r. o.

A few main reasons why this company has been chosen have to be mentioned. Firstly, I have very good experience with this company – their willingness and helpful behaviour; secondly this company is big exporter what is necessary for my research; and thirdly I have close relationships to some people in top management which can help me to obtain needful information.

BTV plast company is the customer-managed company with 100% of the private Czech capital. Its main business is the design, development, production and sale of parts, the assembly of sets and the painting of systems made of plastics for the automotive industry (wheel covers and caps, front emblems, light housings, body side mouldings, interior plastic parts, etc.). It has its own department for the designing and development of plastics processing tools. Company has two plants in the Czech Republic with 734 employees in total. Its annual turnover is about 600 mil. CZK. Among the most important customers belong TPCA, Škoda Auto, Volkswagen, Suzuki, Audi, Opel, Chevrolet.

4.3 Interview sample

In this study the semi-structured interviews have been used. They have been conducted face to face, by telephone and by email. For obtaining quality and reliable information, involved interviewees were from both sides of business – manager from BTV plast, s. r. o. and managers from its foreign customers. It will provide good in-depth sight from different point of view which will enable to make a right conclusion.

Before the interviews each respondent has been given the areas which will be discussed in the interviews. It was made for the good preparation of interviewees.

As it was mentioned above the aim of this study is **to find out if the company BTV plast, s. r. o. uses the most appropriate method of export – from the point of view of this company, but also from the viewpoint of its foreign customers.** It means if both sides are satisfied, if all export process proceeds without any problems or if the parties of the business see some difficulties or possible improvements or changes.

The interviews have been conducted with 10 people who are responsible for the export (i. e. purchasing or sales managers) in their company:

- Miroslav Zavadil, project manager from **BTV plast** in Czech Republic (Jablonec)
- Andrzej Galek, purchasing administrator from General Motors in Poland (Gliwice)
- Jeong-Ki Choi, sales manager from Kia in Slovakia (Žilina)
- Marie-Laurence Deruaz, purchasing team manager from Citroën in France (Poissy)
- Maxime Chante Graille, purchasing manager from Peugeot in France (Paris)
- Jae-Wan-Kim, sales manager from Chevrolet in Poland (Warsaw)

- Hans Harmann Fett, purchasing administrator from Opel in Germany (Rüsselheim)
- Kiyoshi Ohsawa, sales manager from Suzuki in Hungary (Esztergon)
- Mathias Geyrhofer, sales manager from Volkswagen in Germany (Emden)
- Peter Dribák, purchase manager from Audi in Slovakia (Bratislava)

All the information from interviews will be supported by the documentary evidence which will underpin or disprove the interviews' statements. Results of the interviews cannot be used for statistical processing because they do not provide numeric data but the results will be used for discussion and verbal description.

The face-to-face interviews have been recorded with the consents of interviewees and the transcripts will be provided. Telephone interviews were managed only by my notes and email interviews were saved and the transcripts will be provided as well. The consents of interviewees are very important to keep the ethic rules. Each interview has been one-to-one interview. Because of different locations of the respondents the group interview has not been possible and anyway the one-to-one interviews have been necessary for obtaining independent and reliable information from each company.

4.4 First steps to the case study and situation before the interviews

When I thought of writing about BTV plast case study in my dissertation I had to ask in BTV plast, if they are willing to participate in my research. I arrange an appointment with project manager and explained him, what it is for and what I intend to obtain from this research.

At the beginning I emphasized that all my research serves only for study purpose and that it is not necessary to mention company's or manager's names. Also I proposed that if they

participate on my research, I will send them my dissertation before it is submitted.

Project manager was very kind and he agreed with his participation in my dissertation. He also allowed me to mention company's and his name in this research to enhance credibility and veracity of my research.

After our meeting, he contacted the managers from his customers' companies and asked them if they are willing to answer some questions for my research. Two days later he gave me contacts for 9 managers from BTV plast's most considerable customers. Then I contacted all of them and arranged date and time for our interviews.

Before each interview I emphasized that my research serves only for study purpose and that before I submit my dissertation I will send it to them to check the veracity.

4.5 During the interviews

All the interviews proceeded in English (including Czech and Slovak managers). These managers were willing to speak in English to avoid the unnecessary translation from Czech to English. All interviewees were very kind, helpful and willing to cooperate. Each of respondents agreed to mention their names, position and company which they belong to.

It is hard to describe their non-verbal communication which is very important during the interviews because majority of these interviews were managed through email or telephone. However all respondents were very kind, calm and prepared for my questions.

First interview, with manager from BTV plast, was more detailed because it is the key company for my study. Other interviews were briefer but all necessary questions were answered. All interviewees answered to the same questions but in some cases the questions differed as reaction to the previous answers. Information which managers said and which did not relate to my topic, were not mentioned in the transcript.

4.6 Limitations

It is necessary to take into consideration some limitations of this research. First one is that the majority of interviews have been conducted by telephone and email. Personal meeting were not possible because of different locations of foreign companies. It would be very expensive and time-consuming to make appointments. That is why the non-verbal communication of respondents is hard to describe. Other limitation is that all obtained information is subjective opinions of interviewees which act on behalf of their company. It is almost impossible to obtain some negative answers but for these reasons both sides of business have been asked. Other limitation is time of respondents. They are very busy and the time which they can spend on the interview is very limited. The last but very important limitation is that results of the interviews cannot be generalized because they are obtained from one specific case study. However they could serve as a good source of information for improvements in BTV plast. For enhancement of total reliability of obtained data and information all the names of companies and names of respondents are posted.

5 RESULTS OF INTERVIEWS AND DISCUSSION

This part of my dissertation will analyze the answers of respondents. Firstly, it will show important data from respondents' answers which are summarized in table and afterwards all particular areas of interviews will be evaluated. Also all obtained data will be numerically summarized in tables and graphs. At the end of this chapter total results from interviews will be discussed and concluded.

5.1 Answers of all respondents to each particular area in summary

Following table shows answers of all respondents to each particular area. Table contains only the brief answers for questions which are fundamental to my research. From the answers of these areas, the conclusion and result of the research objective can be made. Broader extend of each issue is discussed afterwards.

Table 7: Answers of all respondents to particular areas

	Kia	GM	Citroën	Peugeot	Opel	Chevrolet	Suzuki	VW	Audi
Dependence on BTV plast	NO	NO	NO	NO	NO	NO	NO	NO	NO
Why BTV plast	Lowest price; tradition; location in Central Europe; can supply both covers and int.+ext.parts	BTV plast won internet auction sale – lowest price, lowest necessary investments	BTV plast has already delivered identical parts to TPCA Kolin – Citroën is part of TPCA	Lowest price, previous good experience	Very good historical experience; best proportion price - quality	Nearest factory, quality, tradition	BTV plast delivers products to Opel (both belong under 1 concern) – BTV plast is in the midway, convenient trading conditions	BTV plast is supplier to VW's affiliated company Škoda; low price	BTV plast is longtime supplier to Grupo Antolin which delivers to Audi ceiling panels with BTV's parts
Satisfaction with direct import	YES, no problems; direct import is most advantageous	YES, for wheel covers absolutely suitable	YES, logical for wheel covers; some products through UGC	YES; some products through Faurecia	YES, absolutely perfect	YES, no problems, absolutely satisfactory	DOES NOT USE direct import because of SUMITOMO	YES, direct import is most frequent strategy used for wheel covers	DOES NOT USE direct import, only through GA (small parts in set)
Satisfaction with mutual cooperation	YES, no problems; BTV plast gives more orders	YES	NOT really, communication problems – language barrier	YES, but BTV plast should improve its developing potential to increase quality	YES, but communication is with no personal contact; frequent labour turnover	YES, very satisfied, no language barrier	NO, (when Suzuki traded directly with BTV plast) low quality of products	YES, very satisfied	YES, but possible problems would be solved by GA, but no problems anyway
Proposals for any changes	NO, but possibility of developing of new products	NO, because all observations are given only by headquarters in Germany	YES, plan to transfer one BTV plast's employee to Poissy – to solve the communication problems	YES, it was the cooperation through Faurecia	YES, only about transport – to use empty carriages from another Czech supplier	YES, plan only to increase the purchased quantity	YES, possibility of supplier change – many mistakes during development of new products - low quality	YES, because of not so high quality for our luxury cars, it will become supplier for cheaper cars	NO, no changes in plan

5.2 Results from the interviews

Interviewees' profiles

Table 8: Number of exported products in each product section

Wheel covers		Exterior parts		Interior parts	
Customer	Number of exported products	Customer	Number of exported products	Customer	Number of exported products
Kia	65,000	Citroën	350,000	Peugeot	400,000
GM	45,000	Peugeot	250,000	Audi	60,000
Citroën	80,000				
Peugeot	450,000				
Chevrolet	60,000				
Opel	250,000				
Suzuki	110,000				
VW	350,000				
Total	1,405,000	Total	600,000	Total	460,000

5.2.1 Dependence of customers on BTV plast

From the answers it is obvious that none of the company is dependent on BTV plast company. Each respondent answered that in this high competitive industry are many producers who can deliver their products to car producers. It can be supported by quotations of some interviewed managers:

"No, we are not dependent on BTV plast. Competition in car industry is great."
(Jae-Wan-Kim, Chevrolet, interview transcript);

"Definitely not.... It is possible to choose from several companies." (Hans Harmann Fett, Opel, interview transcript);

“No, it is not only one possible supplier of these products. The competition in the car industry is too high.” (Kiyoshi Ohsawa, Suzuki, interview transcript).

It follows that BTV plast must keep its current competitive position because it is easy for the customers to find another supplier. Each of these big customers represents for BTV plast significant part of its export and total production. So, the loss of even one customer would represent rapid decrease of profit. As it was mentioned in literature review (Weber, 2000), if the company wants to keep and enhance its competitive position, it has to cooperate with all business partners, among others, suppliers, competitors and distributors. It will be emphasized later that BTV plast is doing that by trying to find new compromise solutions (when some problems occur) with customers to improve mutual cooperation and satisfaction.

5.2.2 Reasons for selection of BTV plast by car producers

For six of nine respondents the lowest price and quality (or previous good experience) were the key factors during the deciding process. Other important issues were BTV plast's tradition of production, convenient location in Central Europe, deliveries to customers' concerns and no necessity of high tool investments. As some managers answered;

“First criterion was the lowest price, then tradition in delivery of wheel covers and thirdly company's location in Central Europe. Moreover BTV plast is able to supply (in addition to wheel covers) other parts as emblems, inscriptions, interior and exterior parts which we can use.” (Jeong-Ki Choi, Kia, interview transcript);

“... they were chosen on the basis of lowest price and lowest necessary investments from our company.” (Andrzej Galek, General Motors, interview transcript);

“It is the nearest factory which produces the wheel covers and it is quality producer with long tradition.” (Jae-Wan-Kim, Chevrolet, interview transcript).

It appears from this that BTV plast has a good reputation as regards product quality, price policy and trust-based relations. Referring to Morgan and Hunt (1994) mentioned in literature review, when parties keep their mutual trust-based relationships the main reason for continuing to do business is the expectancy of great returns. The advantage of convenient location in the middle of Europe is their benefit which basically they did not have to influence but it is also important factor for some companies. With the large sales volume the transport costs are significant amount in total price. So, the nearer supplier is, the lower price customer has to pay.

5.2.3 Satisfaction with direct import

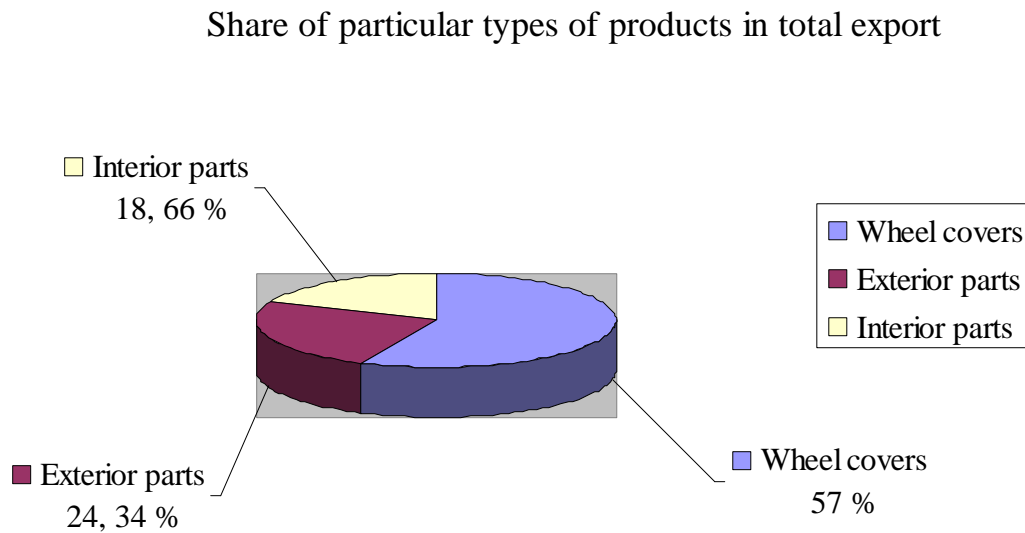
All customers who buy from BTV plast the wheel covers are very satisfied with this method. According to them it is the easiest way and it does not increase the final price by the use of middleman.

“Because the wheel cover is final product, the direct import is absolutely perfect.” (Hans Harmann Fett, Opel, interview transcript);

“Because we withdraw only the wheel covers, it (direct import) is absolutely suitable.” (Andrzej Galek, General Motors, interview transcript).

The reasons why BTV plast did not want to change the direct with indirect export are obvious. Direct export has significant benefits – the organization has a greater control over all activities, customer feedback, products, flexibility to respond to changes, etc. The company significantly influences its own activities and it does not need to consider any requirements of middlemen (Gillon and Pearson, 2004).

Figure 1: BTV plast's export structure



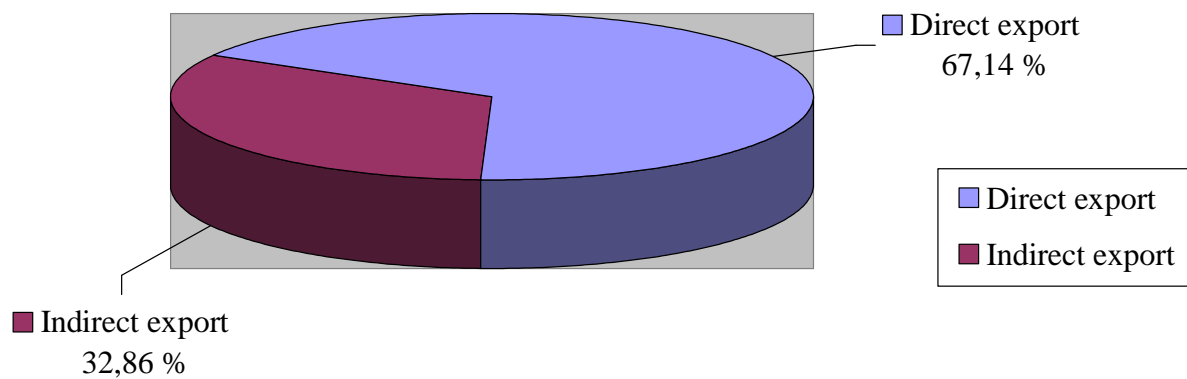
However, after several proposals from customers, direct export was swapped with indirect in some types of product range. This change happened in small products (interior and exterior) which create a smaller share in total export of BTV plast and which are afterwards used as a part of another product of another company. But this indirect export is not proceeded by use of middleman who only buys the goods and than sells it, but by the sub-suppliers who assemble the BTV plast's parts into their products and deliver this set to final car producer.

"This change (into indirect import) is proceeding since 2008 and due to this change we saved money for transport costs and packaging. Moreover, we obtained double checking of products." (Marie-Laurence Deruaz, Citroën, interview transcript).

Now it is necessary to mention one important fact. BTV plast has changed its export strategy in part of their product range from direct to indirect because it was essential for keeping their position on the market and retaining its big customers but BTV plast still uses its original direct export strategy which create almost 70 % of total export.

Figure 2: BTV plast's export methods

Direct versus indirect export of BTV plast from the viewpoint
of number of exported pieces



It follows that BTV plast's original decision to use direct export was right and it proved good. It still creates majority of BTV plast's export. Moreover, BTV plast enhanced its reputation in that it swapped its export strategy in products in which customers required.

Table 9: Total number of direct and indirect export

Export strategy	Total number of products	Notes
Direct export	1,655,000	All wheel covers + exterior parts to Peugeot
Indirect export	810,000	All interior parts + exterior parts to Citroën
Total	2,465,000	

5.2.4 Satisfaction with mutual cooperation

Seven of nine BTV plast's customers are satisfied with the mutual cooperation.

"Yes, we are satisfied. We have not had any problems yet. Our cooperation is without any problems and BTV plast gets new orders from us." (Jeong-Ki Choi, Kia, interview transcript);

"... we are very satisfied with the cooperation." (Jae-Wan-Kim, Chevrolet, interview transcript).

On the other hand, Citroën Company is not satisfied with the communication because BTV plast's managers do not want to negotiate in French. However, I think that it does not have to be considered as important problem and on the other hand, managers from Citroën should speak English. Last problem in cooperation occurred with Suzuki because BTV plast was not able to abolish the quality problems on products for Suzuki – mutual disputes caused dissatisfaction on both sides.

"... the cooperation is not on the good level. From the beginning they were not able to abolish the mistakes and that is why we applied Sumitomo to find alternative supplier." (Kiyoshi Ohsawa, Suzuki, interview transcript).

Manager from Opel mentioned that BTV plast has frequent labour turnover which could cause in some cases some problems with order planning, but it was in the meanwhile the warning. And he also emphasized that

"... personal contact with supplier is missing" (Hans Harmann Fett, Opel, interview transcript).

From these findings, it can be assumed that mutual cooperation, except cooperation with Suzuki (Sumitomo), is on the good level, but some companies have suggestions which could improve their business. That is why BTV plast should try to solve them and find some way to mutual satisfaction. According to Batt (2003) then this two-sided satisfaction has a direct effect on the companies' wishes to build long-term relationships. And it is especially important in automotive industry.

In this case we can also consider if the mutual satisfaction is influenced by the length of cooperation.

Table 10 Length of cooperation with BTV plast's customers in particular product sections

Wheel covers		Exterior parts		Interior parts	
Customer	Length of cooperation	Customer	Length of cooperation	Customer	Length of cooperation
Kia	2	Citroën	4	Peugeot	4
GM	1	Peugeot	4	Audi	1
Citroën	4				
Peugeot	4				
Chevrolet	1				
Opel	4				
Suzuki	5				
VW	5				

From this table we can see that the customers which purchase from BTV plast more types of products have started to buy all these products at once. E. g. Peugeot purchase the wheel covers, exterior and interior parts and the length of cooperation is four year in each section.

The cooperation with these world-known car producers does not last long time; the longest cooperation (five years) proceeds with Suzuki, Volkswagen, followed by Citroën, Peugeot and Opel with four-year cooperation.

From this table it could be deduced that all these companies with the longest cooperation should be most satisfied. However, in some companies the contrary is the case. Following table shows which companies are not satisfied with mutual cooperation and how long the mutual cooperation lasts.

Table 11: Length of cooperation with satisfied and dissatisfied companies

Satisfied companies	Length of cooperation	Dissatisfied companies	Length of cooperation
Kia	2	Citroën	4
General Motors	1	Suzuki	5
Chevrolet	1		
Volkswagen	5		
Audi	1		
Opel	4		
Peugeot	4		

Opel and Peugeot mentioned that they see some problems which could be improved (like personal communication or product implementation) but totally they are satisfied with mutual cooperation. Other companies from the first column of the table are satisfied with mutual cooperation without any observations.

Manager from Citroën said they are not fully satisfied. They gave the reasons that managers from BTV plast are not willing to deal in French.

“...not really (satisfied) because we have to often solve the communication problems – managers from BTV plast are not willing to speak in French.” (Marie-Laurence Deruaz, Citroën, interview transcript)

They can see this as the significant problem but it will not probably eminently affect the whole cooperation; especially when they are planning the employee transfer from BTV plast to Citroën plant in France.

Whereas, as mentioned above, the biggest significant problems occurred in cooperation with Suzuki (Sumitomo). BTV plast has been trading with Suzuki more than five years and Suzuki belongs among their partners with the longest cooperation. However, since the time, Sumitomo took over all activities of Suzuki, BTV plast faces to numerous problems; especially the quality problems which could lead to the ending of mutual cooperation.

It appears from this that it cannot be asserted that satisfaction (in my case) is dependent on the length of mutual cooperation. Some companies with the longest running cooperation (e. g. Volkswagen, Opel and Peugeot) are satisfied with the cooperation without any observations but other companies like Suzuki are not.

When some problems, which are considered by companies as important, occur, the companies should try to solve them or it could lead to the ending of mutual cooperation. It does not matter how long the companies cooperate.

5.2.5 Proposals for changes

Three of nine companies have not proposed any changes yet. They are satisfied with current running of mutual business.

“Changes are planned only in increase of purchased quantity from BTV plast. We are very satisfied with the quality of their products and we have very good information about their other products.” (Jae-Wan-Kim, Chevrolet, interview transcript).

Majority of proposed changes were of positive character – increase of purchased quantity, use of middlemen – sub-suppliers (Faurecia, AGC, Grupo Antolin) or developing of new products as some managers mentioned.

“...there will be some discussions about new developed products.” (Jeong-Ki Choi, Kia, interview transcript).

Only in Suzuki (Sumitomo) case the problem was with the product quality which can lead to the end of the cooperation.

“... we face to quality problems which result in many complaints and even a few times to holdback of production. That is why Suzuki will probably find another supplier of wheel covers.” (Kiyoshi Ohsawa, Suzuki, interview transcript).

However the product quality during the development and implementation should be a warning for BTV plast, because the quality is the most important for keeping their competitive position on the market. If they produced products of poor quality, they would lose their customers and thereby good position on the market. Afterwards it could lead to company failure. So, as Doole and Lowe (2004) claim, all the operations in the company have to be well-planned. The warning of quality has been also mentioned by Mathias Geyrhofer from Volkswagen;

“Because BTV plast did not prove good in product quality for the presently produced car but their price is more advantageous than with existing suppliers, we think over that BTV plast will become the supplier for cheaper cars produced in Eastern Europe.”

In summary, some changes concerning the production, new product development or quality were proposed by BTV plast's customers but these changes were not as fundamental as proposed changes by Citroën, Peugeot and Audi to change the export strategy from direct to indirect.

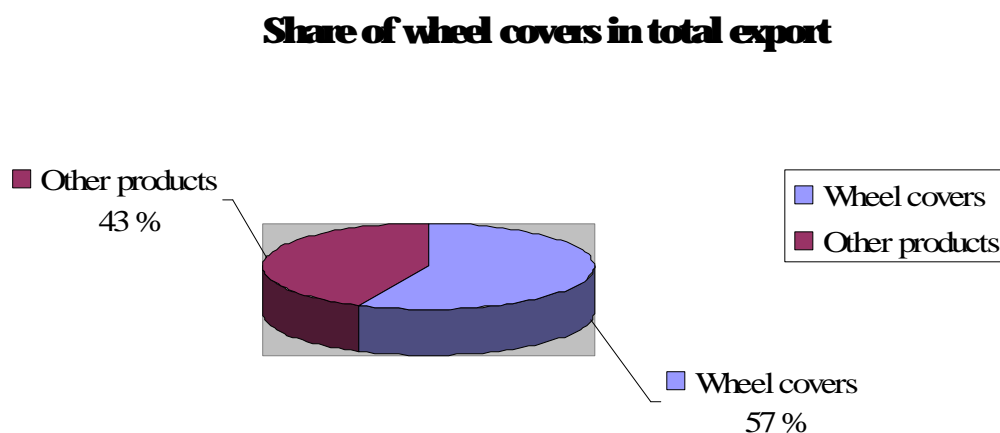
5.3 Concluded results – summary

The research objective of this paper was:

To find out if the company BTV plast uses the most appropriate method of export - from point of view of BTV plast and from the viewpoint of its foreign customers.

As we can see from the answers in interviews, the most sold products of BTV plast are the wheel covers. They create almost 60 % of total export. For the wheel covers BTV plast uses direct export. So, it is plain enough to try to analyze these research objectives of suitability of export strategy.

Figure 3: BTV plast's export structure



From the interviews it can be claimed that chosen method of direct export was the best choice that BTV plast could make and that it is suitable way. All the interviewees from BTV plast's customers confirmed that for this type of products the direct export (import) is the best way. And what is the main reason for this?

Firstly, it is given by extremely high competition in automotive industry. Wheel covers are products which are directly assembled onto the cars – they are not parts of other products. That is why it is better to deliver these goods directly to customer – car factory because each middleman would rapidly increase the final price of this product and then the competitors would have a great chance to take BTV plast's market position. So, if BTV plast wants still to have these important customers it must keep this way and try to keep the price of wheel covers on competitive level.

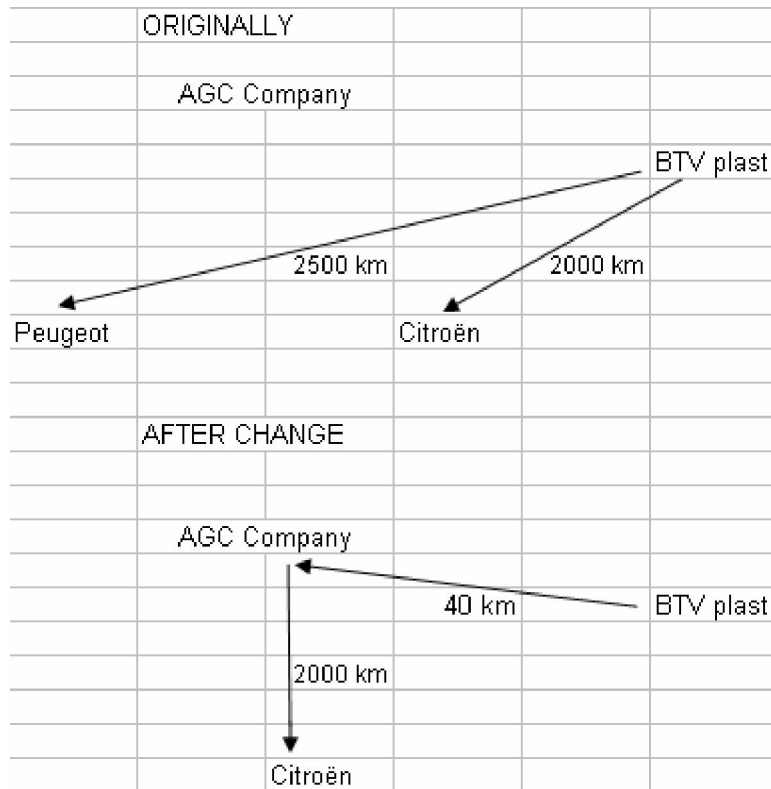
A bit different situation is in the export of interior or exterior parts. These BTV plast's products are mostly used as a part of another product which is produced by other company. BTV plast originally wanted to use direct export method for all the product range but by and by almost all of their customers which purchase these interior and exterior parts proposed to use some middlemen. For the car producers is more advantageous to have less suppliers but bigger or with large range of product.

In this case – Citroën Company proposed to use as the middlemen AGC Company. They produce the car windows which are signified by car descriptions produced by BTV plast. So, nowadays BTV plast delivers these inscriptions to AGC and this company delivers the windows with inscription as a complex to Citroën Company.

Similar situation is with the cooperation with Peugeot. Peugeot proposed to use as the middleman Faurecia Company which produces fascia-boards. BTV plast delivers to Faurecia some interior parts; Faurecia creates a set with their products and then sends it together to Peugeot.

Following figure made by manager from BTV plast briefly shows the situation before change of export strategy and after that.

Figure 4: BTV plast's export structure before change and after change



Source: Miroslav Zavadil, interview No. 1

Other export through middleman is in the case of Audi. Here again BTV plast delivers the interior parts to Grupo Antolin which produces ceiling panels and Grupo Antolin delivers the ceiling panels including BTV plast's parts to Audi.

All these steps made by car producers are comprehensible because they save money for transport and assembling, save time and obtain higher number of input and output controls. It is also necessary to mention that all these changes are advantageous for BTV plast as well. It is easier and cheaper to deliver the goods to factories which are near to BTV plast. BTV plast approaches a change in use of sub-suppliers but all the correspondence, communication and invoicing proceeds with the final customer. Moreover BTV plast realized that if they will not be willing to change their strategy, they would probably lose their customers because it would be easy for them to replace BTV plast with another supplier.

In the cooperation with Suzuki, it took different way. Originally BTV plast traded with Suzuki directly but since the establishment of Sumitomo, middleman company for all Suzuki plants in Europe, BTV plast trades with Sumitomo instead of Suzuki. In this case Sumitomo is the final customer because all transactions and communication proceed between these two companies. It is still direct export, only the companies have changed.

However, as it was mentioned above, the future of trading with Sumitomo is not clear because there are possible problems with mutual cooperation. This company thinks about change of suppliers because they are not satisfied with BTV plast's products' quality. However they are solving this problem so it could lead in another result.

In summary, if we consider the objective of this study – if the BTV plast uses the most appropriate method of export – we can say that it definitely uses appropriate method and proves are obvious from both sides, BTV plast and its customers. Answers from interviews were essentially the same and more or less eked each other.

The use of direct export is positively supported by satisfaction of foreign customers with mutual cooperation. BTV plast is relatively unknown Czech company but it has very good reputation in world automotive industry.

6 RECOMMENDATIONS

This chapter will discuss possible improvements which BTV plast company could make or what changes company could implement.

As we can conclude from the findings and results of interviews, BTV plast's most sold products are wheel covers. For these goods BTV plast uses direct export strategy without any middleman. According to all respondents from side of BTV plast's customers, this strategy is the best one what company could choose. Explanation for this has been given in previous chapters. In summary it is because wheel cover is final part which does not create a part of another product. Different export strategy would increase the product price and it is inconceivable in this high competitive industry. Because BTV plast is relatively small and unknown company it has to keep its product price on competitive level to sustain its position and mainly to hold current important customers. Each of these big customers represents for BTV plast significant part of its export and total production. So, the loss of even one customer would represent rapid decrease of profit.

It is obvious that BTV plast does not really want to lose its customers and in some cases, when customers proposed any changes, it always tried to find new compromise solution with customers to improve mutual cooperation and satisfaction. As it was said before, in cases of small parts, BTV plast agreed to the proposals of customers to swap the direct export with indirect through the sub-suppliers. BTV plast originally did not want to change the strategy but after the consideration, BTV plast found out that in these cases it is advantageous for both sides because BTV plast does not have to find any middlemen but will use the near Czech suppliers to car producers. So, for BTV plast it is mainly much easier and hereat nothing else, like system of orders, invoicing, communication, does not change.

However, according to some answers, other recommendations could be proposed.

Firstly, very good improvement could occur in employee transfer. It means that BTV plast could have one of its employees in customers' companies abroad. One of interviewed managers has mentioned it and it could improve mutual cooperation.

“By mutual consent we plan to transfer one of their employees (coordinator) to our plant in France, especially for better and easier communication. This person should solve all the occurred problems.” (Marie-Laurence Deruaz, Citroën, interview transcript).

Companies would solve the problem with communication and it would accelerate solving of possible problems. And what is other advantage of this change is that this act would not increase any costs.

Other recommendation is related to use of large Czech companies which use the BTV plast's product into their own. It would be really advantageous to cooperate with these Czech companies which BTV plast nowadays cooperates with as sub-suppliers (e. g. AGC, Grupo Antolin, Faurecia). This trade concerns about small products which create part of another product. If BTV plast made contracts with these companies, it will avoid trading in EUR or other currencies and thereby avoid exchange rate differences. These changes, however, should occur only in small exterior or interior parts which are assembled into other products. These Czech companies would become final customers instead of foreign car manufacturers. But these steps would have to be convenient for these companies and the consents of final car producers would be necessary. For BTV plast it would be basically the same like nowadays. During each delivery to these sub-suppliers the completion certificates, control certificate, exportation and other documents must be carried out. For the final producers it would be advantageous as well, because they would communicate only with one supplier instead of two and it would also significantly facilitate invoicing and solving of problems. So, this change would have to be agreed especially by Czech sub-suppliers. However, if BTV plast or car producers offer some advantages, sub-suppliers could agree to the proposals. But all these changes depend on mutual communication.

This recommendation is connected with the aim of BTV plast to deliver their products at the nearest distance as it is possible in order to save the costs and facilitate the delivery process.

Next recommendation can occur in the number of customers. As it was mentioned before, it would be better to reduce the number of final customers. It is better to have less customers but with the broader range of products. The aim would be to sell as much products as possible to the small number of customers. It means, to keep or increase the volume of sale but reduce the total number of customers.

Other recommendation relates especially to improvement within the BTV plast Company. They should try to abolish possible mistakes in product quality already during the product development and implementation. Then they avoid the complaints and sales returns. And moreover, when company is famous for its high-quality goods, the good reputation expands its own accord and fast.

Furthermore, they should still develop new products and get into touch with other car producers. It can be proceeds by participations in special fairs and exhibitions.

7 CONCLUSION

The aim and purpose of this study was to find out if the company BTV plast, s. r. o. uses the most appropriate method of export – from the point of view of this company, but also from the viewpoint of its foreign customers.

All necessary information were obtained through interviews with ten managers who are responsible for export in their companies. In this case it was essential to obtain from both sides of business; BTV plast and its foreign customers; to find out reliable results.

Firstly, there were identified criteria and areas which were needed to be covered in the interviews and thereby the answers on them could serve for analysis and result creation. The study dealt with the particular issues of dependence of customers on BTV plast Company, reasons for selection of BTV plast by car producers, satisfaction with direct import (export), satisfaction with mutual cooperation and proposals for changes.

The study shows that none of BTV plast's customers is dependent on BTV plast and that the car producers can choose from variety of suppliers. As we can see from the answers, the main reasons why to choose BTV plast were quality, price, good experience and convenient location in the middle of Europe.

BTV plast delivers their products to several world-known car producers, so it was plain enough to find out and analyze which method of export BTV plast practices and if it is suitable for both sides of business.

It was found out that all customers which purchase from BTV plast the wheel covers are very satisfied with this export method. According to the answers, this is the easiest way which does not increase the final price of product by the use of any middlemen. Direct export was only the method which BTV plast was used to practice. They have a great control over the products and everything was managed just as they wanted. BTV plast was satisfied.

However, nowadays when automotive industry belongs among most competitive industries, all participants of business chain from suppliers, through producers and sellers try to keep the price as down as possible. It was the reason why car producers were forced to keep the price on the competitive level and forced to change some methods of import. That is why BTV plast has been asked from some car producers to swap their direct export with indirect.

At first, BTV plast did not want to swap it because of obvious advantages mentioned before (great control over all the activities). However afterwards they realized that if they will not be willing to change their strategy, they will probably lose their customers because it would be easy for them to replace BTV plast with another supplier.

The purpose of strategy change came from foreign customers who use BTV plast's products as a part of another product and as a set they are assembled into car. So, what happened after the change implementation?

The swapping of direct with indirect export came in the business with Citroën, Peugeot and Audi. Nowadays, BTV plast delivers firstly their products to the companies which produce the products which create a set with products of BTV plast. These companies assembled their own parts and parts of BTV plast together and then the whole set deliver to final car factory.

By this step each side saves the money. BTV plast saves the costs for transport because the companies which they deliver now to are only about 40 km far from BTV plast. These middlemen earn some money for the assembling the BTV plast's products and final car factories save the time because they do not have to assemble the BTV plast's parts themselves, money because the products are delivered together and obtain double input and output controls.

It follows that BTV plast still uses also direct export. This decision to choose this method was the best they could make because, though it is now used mainly for wheel covers, the wheel covers create 60 % of BTV plast's export and the biggest part of their turnover. So, this strategy was very good.

And the reasons for change the direct export with indirect in small-part product range were obvious; potential loss of significant customers and facilitation of delivery process and saving money. These are the tangible benefits but the most important one is that car producers see that BTV plast is able and willing to cooperate and adapt to market's requirements and needs. These facts significantly enhance its reputation and total image. Because what is important, each company if it wants to succeed in present business environment, must keep their products or services on competitive level and should try to attract as much consumers as it is possible.

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APPENDIX 1 – Interview transcripts

Interview No. 1 – project manager Miroslav Zavadil from BTV plast - Czech Republic

What is the main subject of your enterprise?

The main subject of our enterprise is design, development, production and sale of plastic parts for the automotive industry like wheel covers, front emblems, light housings, side mouldings, interior and exterior plastic parts.

How many employees does your company have?

Totally, we have 734 employees but they are located in two subsidiaries. In Jablonec nad Nisou, where the headquarter and main plant is, there are 328 employees plus 45 people from company's management and headquarters. In the second plant, Havlíčkův Brod, there are 361 employees.

Do you have a foreign participation in your company?

No, BTV plast is totally Czech company with 100% of the private Czech capital and three Czech owners.

How many people are responsible for export?

Each manufactured part has its own project team which takes care of the whole process from purchase of raw materials till product's delivery to customer and product's quality control. Each team has about 10 people – project leader, merchant, strategic purchaser, product manager, technologist, quality controller, logistician and wrapping technician.

The representatives of our customer usually participate in process development. For trouble-free run of produced parts the FMEA (Failure mode and effect analysis) document of process is issued. There the whole plan and risks, which could occur in purchase, production and deliveries, are stated. FMEA is based on flow-chart document and is given by international standards.

Which export strategy do you use?

We use direct export strategy without any middlemen or other participants. We sell and deliver our product directly to customers only by ourselves. In some cases we act as subsupplier – we deliver our products to customer (e. g. Faurecia – it is our final customer) but Faurecia uses our parts into their products and then sells it again as component of their own products.

Why did you choose this direct method?

Because it is the easiest and cheapest way where we have strict control and view of our products. We prefer personal communication with our customers and in addition, the use of middleman would markedly increase the price. The price increase in present competitive automotive industry is inconceivable.

Do you use this method with all of your customers?

Yes.

Is it possible or probable that you could change this method and eventually why?

If some change happens, it will be only in the case with Citroën Company. They propose to change our strategy from direct export into the use of middlemen. In this case it is advantageous to both parties. Citroën has one more supplier in Czech Republic – AGC which produces backlites into their cars and it is only 40 km from BTV plast place of business. So they propose that it would be better that BTV plast will deliver our products to AGC Company and then the AGC will export their products with products of BTV plast

as well. It is the best way because BTV produces the inscriptions for Citroën which are stucked on the AGC's backlites. So the AGC will stick the inscriptions on their backlites and then will send it as one part to Citroën. For BTV it is cheaper and easier because of short distance from AGC and for Citroën it is cheaper and easier as well because they will communicate only with one Czech company instead of two. The whole process will be faster, BTV plast will lose logistical problems and nevertheless the price will be the same.

So, why don't you use this change also with Peugeot Company? It seems like the same situation – your inscriptions, AGC's car window and same customer.

It is not the same situation. We sell the inscription for Peugeot and AGC sell them the windows but Peugeot cars have the inscriptions located on the coachwork and not on the windows, so BTV has nothing to do with the AGC Company in this case.

Did you face to any pitfalls with the use of this direct method?

Not really, but I think that it would be better to have one person in each target country for better communication with customer and for total customer service. However it would not change anything with the export strategy. It would be only the improvement for us and our customers.

Do you think that this direct export strategy will be still sufficient if you would increase your volume of production?

Definitely yes.

Did any problems appear with delivery dates, payment, damage of goods, etc.?

Sometimes we have problems with production capacity like defects, planning, occasional fluctuation in cash-flow level caused by e. g. dead plate in automobile factory or lowered invoicing. This low cash-flow leads to problems of raw material purchase. Sometimes also some damage takes place but all these problems would not

disappear if the export strategy changes. Moreover if we should use the middlemen, the price would be higher and the goods would be unsaleable.

Does BTV plast plan any significant changes which could affect exporting and selling of products?

Yes we do. Each of our customers will have its own responsible person from BTV plast which will be in charge of logistics and quality of products and will take care of full customer service. Other significant change will occur in our customer portfolio. BTV plast has a lot of customers and we want to decrease the number of customers and cooperate only with the largest ones. And thereby increase the volume of withdrawal in these large companies. The decrease of customer portfolio will be also caused by omission of non-automotive products. In 5 year period BTV plast intend to produce only automotive parts and that is why the customer portfolio will decrease automatically and the volume of withdrawal will increase in large automotive companies.

Other planned change is the question of business office abroad – especially in France and Germany where we have majority of our customers or hire of external company which would provide new contracts in these locations. However for BTV plast is most convenient to have its own employees abroad and not to hire external company. BTV plast's business office in target country should take care of customers and provide new contracts.

Would you like to add something interesting to this topic?

One important thing for BTV plast is its location - in the Central Europe. It is big advantage because many of foreign car factories open their branches in Central Europe (e. g. Citroën Slovakia, Hyundai Czech Republic, VW Slovakia) and it is easier and cheaper to supply goods to these near areas. It would be better to minimize also the exchange rate differences connected with trading in foreign currencies.

Interview No. 2 – Jeong-Ki Choi, sales manager from Kia - Slovakia

Which products do you purchase from BTV plast, s. r. o.?

In this time we buy only the wheel covers but with the mutual cooperation we are developing twenty new parts.

How many products does BTV plast deliver to your company per year?

It is about 60 thousands products – wheel covers.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No... we could choose from three suppliers – BTV plast, Zanini Italy and Mayer Spain.

Why did you choose BTV plast?

First criterion was the lowest price, then tradition in delivery of wheel covers and thirdly company's location in Central Europe. Kia is part of Hyundai concern and because these two car factories use the same products, they buy these products from one supplier. When Hyundai started to buy these products from BTV plast, it knew that new factory Kia will be established in Czech Republic. That is why this Czech supplier won the selection procedure. In this time BTV is developing twenty new products for Kia and Hyundai. Moreover, both of BTV plast's competitors produce only the wheel covers and BTV plast is able to supply other parts as emblems, inscriptions, interior and exterior parts which we can use.

Are you satisfied with the direct import of products from BTV plast?

Yes, we are because our logistical policy is that we do not use clause ExWorks and transport is part of the product price. That is why direct import is easiest and most

advantageous way of import for us.

Are you satisfied with the mutual cooperation?

Yes, we are. We have not had any problems yet. Our cooperation is without any problems and BTV plast gets new orders from us.

Did you propose any changes or improvements to your cooperation?

No.... but there will be some discussions about new developed products.

Interview No. 3 – Andrzej Galek, purchasing administrator from General Motors - Poland

Which products do you purchase from BTV plast, s. r. o.?

We buy only the wheel covers.

How many products does BTV plast deliver to your company per year?

Approximately 45 thousands wheel covers in calendar year.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No, there are some others possible suppliers.

Why did you choose BTV plast?

They won internet auction sale. It means that they were chosen on the basis of lowest price and lowest necessary investments from our company.

Are you satisfied with the direct import of products from BTV plast?

Because we withdraw only the wheel covers, it is absolutely suitable. If we bought different types of products it could be different.

Are you satisfied with the mutual cooperation?

Yes we are, but BTV plast was chosen by our headquarters in Germany, General Motors.

Did you propose any changes or improvements to your cooperation?

No, because all observations are given by our headquarters.

Do you use direct import with all of your suppliers?

Even we use different methods with our other suppliers but in the case of wheel covers only the direct import is used.

**Interview No. 4 – Marie-Laurence Deruaz, purchasing team manager from
Citroën - France**

Which products do you purchase from BTV plast, s. r. o.?

Inscriptions, front emblems and wheel covers.

How many products does BTV plast deliver to your company per year?

We buy about 80 thousands of wheel covers and 350 thousands of exterior parts like inscriptions and front emblems.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No... in all of these categories are some competitors.

Why did you choose BTV plast?

Because in Poissy factory we produce the same car as in TPCA Kolín and there BTV plast has already delivered these identical parts, we decided (without investment increase) to withdraw this goods from BTV plast. For these parts there was not any selection procedure, it was automatic decision.

Are you satisfied with the direct import of products from BTV plast?

With delivery of wheel covers this method is logical and we have no problems with this. However with delivery of inscriptions we have used our supplier AGC from Czech Republic. This supplier takes the inscriptions from BTV plast and then AGC delivers the inscriptions as set with their car windows. This change is proceeding since 2008 and due to this change we saved money for transport costs and packaging and all qualitative problems were shifted to AGC. So all problems we have, we can solve with one supplier instead of two. Moreover, we obtained double checking of products – both in BTV plast and in AGC.

Are you satisfied with the mutual cooperation?

Not really because we have to often solve the communication problems – managers from BTV plast are not willing to speak in French. We prefer French to English.

Did you propose any changes or improvements to your cooperation?

Yes, we did. By mutual consent we plan to transfer one of their employees (coordinator) to our plant in France, especially for better and easier communication. This person should solve all the occurred problems.

Do you use direct import with all of your suppliers?

Practice is the same. With the parts which are assembled in our factory, the direct delivery is usual.

Interview No. 5 – Maxime Chante Graille, purchasing manager from Peugeot - France

Which products do you purchase from BTV plast, s. r. o.?

We purchase broad range of their products; inscriptions, emblems, wheel covers and interior parts.

How many products does BTV plast deliver to your company per year?

The quantity is still higher. They deliver 450 thousands of wheel covers, 250 thousands of inscriptions and emblems and 400 thousand of interior plastic parts.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

BTV plast is not our sole supplier and many times we use the same part from several suppliers. E. g. inscription and emblem PEUGEOT is identical for several types of cars and that is why these parts are bought from two other suppliers. However, BTV is our sole supplier for wheel covers because it has the lowest price and we had previous good experience with this company.

Is it because BTV plast is not able to produce all quantity of these products?

No, they would be able to produce them. But it is because the price for identical part is kept down by the competitors fight.

Are you satisfied with the direct import of products from BTV plast?

Yes, we are. We have not experienced any problems. Moreover, sometimes we use our plant TPCA in Kolín for better communication and vehicle occupancy Czech Republic-France and back. Also in some small interior parts we implement the change that BTV do not supply directly to our plant in Paris but supply to our supplier of

fascia-boards (Faurecia). In this case BTV plast is not our direct supplier but sub-supplier and Faurecia supplies both parts as complex to our company.

Are you satisfied with the mutual cooperation?

We would be glad if BTV improved its developing potential during the implementing of new products. At the beginning of new projects it often has problems with product quality and its timely delivery.

Do you use direct import with all of your suppliers?

Usually we do. It is common method in automobile industry.

Interview No. 6 – Jae-Wan-Kim, sales manager from Chevrolet - Poland

Which products do you purchase from BTV plast, s. r. o.?

Wheel covers for majority of our car types.

How many products does BTV plast deliver to your company per year?

Our Polish plant withdraws about 60 thousands of wheel covers.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No, we are not dependent on BTV plast. Competition in car industry is great.

Why did you choose BTV plast?

It is the nearest factory which produces the wheel covers and it is quality producer with long tradition. Moreover, Polish suppliers do not reach so high quality like BTV plast and BTV plast is cheaper than quality western suppliers.

Are you satisfied with the direct import of products from BTV plast?

For this distance and communication without language barriers this strategy is absolutely satisfactory.

Did you propose any changes or improvements to your cooperation?

Changes are planned only in increase of purchased quantity from BTV plast. We are very satisfied with the quality of their products and we have very good information about their other products.

Are you satisfied with the mutual cooperation?

We, plant in Paris, are very satisfied with the cooperation, but each fundamental decision depends on our Korean headquarters. If they change some corporation policy (especially price policy), it is possible that we will have to use some supplier from Eastern Europe. But in this time everything is OK.

Do you use direct import with all of your suppliers?

No, we don't. It depends on type of products. With the small interior parts we usually use method of sub-supplier where parts of one company are delivered as part of products of

another company as complex.

Interview No. 7 – Hans Harmann Fett, purchasing administrator from Opel - Germany

Which products do you purchase from BTV plast, s. r. o.?

Only the wheel covers.

How many products does BTV plast deliver to your company per year?

It is circa 250 thousand in wheel covers.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

Definitely not.... It is possible to choose from several companies.

Why did you choose BTV plast?

Historical experience with deliveries to GM concern was very good and we were always satisfied with all their services and products. The proportion price-quality is the key factor and other German companies are not able to compete in this view with BTV plast. BTV plast also provides very good logistical landing and quick reaction to order change.

Are you satisfied with the direct import of products from BTV plast?

Because the wheel cover is final product which is, in our plant, wrapped put into the car boot and in this way it is delivered to customer, the direct import and export is absolutely perfect.

Did you propose any changes or improvements to your cooperation?

The only change we have proposed is the way of transport which is now realized in cooperation with Cadence Innovation Company. This company is our supplier of fascia-boards for our cars and it delivers the products every day, so we used the closeness of both companies – BTV plast and Cadence Innovation – and we eke out the camion from Cadence Innovation with the products from BTV plast. Because BTV plast was supplier using the clause ExWorks, we saved two or three deliveries per week from this company.

Are you satisfied with the mutual cooperation?

The only inconvenience I see sight in is that mutual communication proceeds only by telephone or email and personal contact with supplier is missing. And frequent labour turnover in BTV plast brings occasional problems with orders planning.

Do you use direct import with all of your suppliers?

No, we do not. It depends on distance from our suppliers. GM's strategy is to force the suppliers to get near to our production plant.

Interview No. 8 – Kiyoshi Ohsawa, sales manager from Suzuki – Hungary

Which products do you purchase from BTV plast, s. r. o.?

Only the wheel covers.

How many products does BTV plast deliver to your company per year?

We buy approximately 110 thousand of wheel covers during one year.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No, it is not only one possible supplier of these products. The competition in the car industry is too high.

Why did you choose BTV plast?

Because in our plant we produce the identical car as in plant Opel in Poland and the wheel cover is COP part for both of these plants, supplier which is approximately in the midway of both plants was chosen for the delivery. Obviously, the convenient

trading conditions were important factor in decision which company to choose. For the investment savings in tool production, the same supplier was chosen for both Suzuki Hungary and Opel Poland. Thereby the tool price is divided between two companies.

Are you satisfied with the direct import of products from BTV plast?

Suzuki Hungary does not use direct import but the delivery of purchased parts is managed through our subsidiary company Sumitomo from Prague which provides purchase of products for all plant Suzuki in Europe.

Why do you handle the import through Sumitomo and not directly?

Company Sumitomo Europe was established to provide the purchase of products for all the Suzuki plants in Europe. The main reason for this was the considerable financial savings because we can have only one department of strategic purchase for all Europe. It does not have to be in each of these plants.

Did you propose any changes or improvements to your cooperation?

Not about the import or export.

And did you propose any other changes?

Because BTV plast made many mistakes during the development of new products and because the start of series production has accelerated and the modification was not possible, we face to quality problems which result in many complaints and even a few times to holdback of production. That is why Suzuki will probably find another supplier of wheel covers. In this time we are solving this problem with BTV plast.

So, you are not satisfied with the mutual cooperation...

No, the cooperation is not on the good level. From the beginning they were not able to abolish the mistakes and that is why we applied Sumitomo to find alternative supplier.

Do you use Sumitomo for all purchase operation?

Yes, we do. Because of a large number of production plants Suzuki.

**Interview No. 9 – Mathias Geyrhofer, sales manager from
Volkswagen - Germany**

Which products do you purchase from BTV plast, s. r. o.?

From their range of product we buy wheel covers.

How many products does BTV plast deliver to your company per year?

Last year it was about 350 thousands of wheel covers.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No, we are not. We have more suppliers which deliver to VW concern the wheel covers. BTV plast is one of them.

Why did you choose BTV plast?

VW decided to try for part of our range of product BTV plast because BTV plast is large supplier to our affiliated company Škoda Auto and that is why the department of concern purchase decided because of more advantageous prices for testing of BTV plast.

Are you satisfied with the direct import of products from BTV plast?

Yes, we are. Direct import is the most frequent strategy used for delivering the wheel covers to car companies.

Did you propose any changes or improvements to your cooperation?

Yes, we are planning it now. Because BTV plast did not prove good in product quality for the presently produced car but their price is more advantageous than with existing suppliers, we think over that BTV plast will become the supplier for cheaper cars produced in Eastern Europe.

Are you satisfied with the mutual cooperation?

Because we cooperate with Škoda Auto for deliveries, cooperation is on the good level. Škoda Auto trained BTV plast in VW system and thereby it is guarantee of quality and satisfaction.

Do you use direct import with all of your suppliers?

All suppliers of wheel covers use direct method of export. Different types of goods from

different suppliers are delivered by several methods, usually by the help of middlemen or sub-suppliers.

**Interview No. 10 – Peter Dribák, purchase manager from Audi -
- Slovakia**

Which products do you purchase from BTV plast, s. r. o.?

Several types of interior parts and parts of car ceiling.

How many products does BTV plast deliver to your company per year?

In 2007 the purchase of plastic interior parts created almost 60 thousands.

Is BTV plast only one supplier you can purchase these products from? Are you dependent on it?

No, we can choose from several suppliers.

Why did you choose BTV plast?

BTV plast was chosen by our longtime supplier of ceiling panels, company Grupo Antolin. This company and BTV plast have historical tie including personal occupation and BTV plast is longtime supplier of plastic parts for ceilings that is why Audi gave the opportunity to Grupo Antolin to choose the supplier itself.

Why don't you use method of direct import?

Because there are a large number of these small products in cars, it is more advantageous

to include into the process our big suppliers which can deliver parts of the smaller ones.

Did you propose any changes or improvements to your cooperation?

No, we did not propose anything and nothing is not in plan.

Are you satisfied with the mutual cooperation?

All problems were shifted to our supplier Grupo Antolin from Czech Republic but because all our orders proceed without any problems, probably Grupo Antolin has no significant problem with BTV plast as well.

Is this method (through big suppliers) used with all your small suppliers or with different types of goods?

All concern VW, which contains also Audi, try to decline the number of suppliers and that is why these small suppliers like BTV plast are controlled by big companies.